



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

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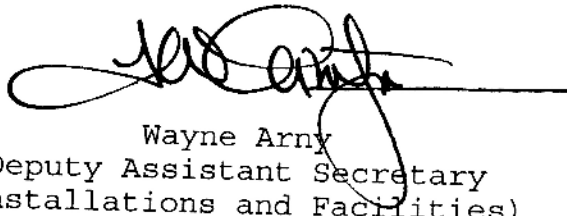
The Honorable Joel Hefley
Chairman, Subcommittee on Readiness
Committee on Armed Services
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

House Report 107-731, accompanying the Fiscal Year 2003 Military Construction Appropriations Act (Public Law 107-249), directed the Department of the Navy to submit a report outlining the status and funding details associated with the renovation of residences located at Marine Barracks, 8th & I Streets, Washington, DC. The enclosed report is provided in accordance with this requirement.

Similar letters have been sent to the House and Senate Appropriations Subcommittees on Military Construction and the Senate Armed Services Subcommittee on Readiness and Management Support.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Army", is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the right.

Wayne Army
Deputy Assistant Secretary
(Installations and Facilities)

Enclosure

Copy to:
The Honorable Solomon P. Ortiz
Ranking Minority Member

Department of the Navy Report to Congress On Family Housing Renovation Efforts at Marine Barracks, 8th & I

Introduction and Summary

Beginning in Fiscal Year (FY) 2000, the Department of the Navy commenced a multi-phase, multi-year effort to completely renovate the five historic residences on board the Marine Barracks, 8th & I Streets, Washington, DC. This effort encompasses ten Congressionally authorized projects, comprised of 11 phases, generally addressing the repair and improvement of the exteriors or interiors of each of the five homes. The renovations have been accomplished with a combination of appropriated funds, Navy General Gift Funds, and donated funds or materials from a private organization ---“The Friends of the Home of the Commandants,” a non-profit 501(c)(3) organization, established in 1999 under the auspices of the Community Foundation of the National Capital Region to receive tax deductible contributions to preserve and restore the historic Home of the Commandants. In addition to renovations, donated funds and materials have been used in conjunction with the furnishing of the Home of the Commandants (Quarters 6).

In FY-00, FY-01, and FY-02, Congress appropriated approximately \$6.7 million to renovate the five residences. Those funds have been adequate for all but the last phase of the renovation work on the Home of the Commandants. Competitive contractor bids have been higher than the Government Cost Estimate and minor scope changes are needed, including security improvements. Expected donations from “The Friends of the Home of the Commandants” are not sufficient to cover the increased costs. The estimated cost to complete the Home of the Commandants has increased to \$3.196 million (from the authorized amount of \$2.269 million). Accordingly, a cost variation notification (required by 10 U.S. Code 2853) and an associated reprogramming request will be forthcoming, under separate cover, to the appropriate Congressional committees.

With the enactment of Section 135 of Public Law 106-246, FY-01 Military Construction Appropriations Act, Congress authorized the Secretary of the Navy to use private funds received pursuant to Section 2601 of Title 10 United States Code (Gift Funds) for the construction, improvement, repair and maintenance of the historic residences located at the Marine Barracks, 8th & I Streets, Washington, DC. There was a general understanding that funds received pursuant to Section 135 be used to help offset the cost of all construction improvement projects at 8th and I included in the FY-02 appropriation. However, the private sector donors earmarked gifts for use only on the Home of the Commandants. The Department of the Navy is able to report that the objective of using private/gift funds to help renovate the Home of the Commandant has been successful.

Section 128 of Public Law 107-249, FY-03 Military Construction Appropriations Act, continues the authorization for the Secretary of the Navy to use funds received pursuant to Section 2601 of Title 10 for the purposes of constructing, improving, repairing and maintaining the five historic residences; however, it has added a sunset provision of September 30, 2004. The success of this process may justify continuation of this authorization past September 30, 2004 to offset future

recurring costs as well as justify consideration of a broader authority to allow use of private or gift funds to offset costs of maintaining, repairing, or improving historic residences.

House Report 107-231, dated Oct 9, 2002, accompanying the FY-03 Military Construction Act, directed the Secretary of the Navy to submit a report outlining: (1) the current status of renovation efforts at 8th and I; (2) the total funds expended to date on renovation efforts (appropriated funds and private funds); (3) the current balance of the Friends of the Home of the Commandant's Fund, Fund activities to date, and future activities planned for the Fund; and (4) the overall projected cost of the renovation efforts at 8th and I.

(1) Current Status of Renovation Efforts at 8th & I:

Quarters 1

- All appropriated funded efforts for Phase 1 (exterior and structural repairs) and Phase 2 (interior finishes, hazardous material abatement, mechanical systems) have been completed.
- Appropriated funded efforts for Phase 3 (remaining interior finishes and renovations, window replacement, remaining mechanical systems) should be completed in March 2003.
- No gift funds have been used nor are there plans to use gift funds.

Quarters 2

- All appropriated funded efforts for Phase 1 (exterior repairs) and Phase 2 (interior finishes, hazardous material abatement, window replacement, mechanical systems) have been completed.
- No gift funds have been used nor are there plans to use gift funds.

Quarters 3

- All appropriated funded efforts for Phase 1 (exterior repairs) have been completed.
- Appropriated funded efforts for Phase 2 (interior finishes and renovations, window replacement, mechanical systems) should be completed in March 2003.
- No gift funds have been used nor are there plans to use gift funds.

Quarters 4

- All appropriated funded efforts for Phase 1 (exterior repairs) and Phase 2 (interior finishes and renovations, hazardous material abatement, window replacement, mechanical systems) have been completed.
- No gift funds have been used nor are there plans to use gift funds.

Quarters 6 (Home of the Commandants)

- All appropriated and private/gift fund efforts for Phase 1 (first floor interior finishes and renovations) have been completed.
- Appropriated and private/gift fund efforts for Phase 2 (remaining second floor interior repairs, exterior repairs, window replacement, mechanical systems and work to meet Americans with Disability Act requirements) is underway. As a result of competitive contractor bids higher than the Government Cost Estimate, and minor scope changes including security improvements, a cost variation notification and reprogramming request is needed to complete this project. Assuming favorable internal review and subsequent Committee approval, the work should be completed in November 2003.

(2) Total Funds Expended to Date on Renovation Efforts

	Amount Appropriated	Appropriated Funds Expended	Private Gifts	Total Funds Expended	
Quarters 1 Renovations					
Phase I	\$ 180,000	\$ 197,708		\$ 197,708	
Phase II	\$ 223,000	\$ 222,967		\$ 222,967	
Phase III	\$ 791,000	\$ 320,494		\$ 320,494	
Total	\$ 1,194,000	\$ 741,169	\$ -	\$ 741,169	
Quarters 2 Renovations					
Phase I	\$ 178,000	\$ 210,910		\$ 210,910	
Phase II	\$ 934,000	\$ 1,044,239		\$ 1,044,239	
Total	\$ 1,112,000	\$ 1,255,149	\$ -	\$ 1,255,149	
Quarters 3 Renovations					
Phase I	\$ 157,000	\$ 170,434		\$ 170,434	
Phase II	\$ 791,000	\$ 320,494		\$ 320,494	
Total	\$ 948,000	\$ 490,928	\$ -	\$ 490,928	
Quarters 4 Renovations					
Phase I	\$ 190,000	\$ 228,499		\$ 228,499	
Phase II	\$ 938,000	\$ 898,154		\$ 898,154	
Total	\$ 1,128,000	\$ 1,126,653	\$ -	\$ 1,126,653	
Quarters 6 Renovations (Home of the Commandants)					
Phase I	\$ 500,000	\$ 499,787	\$ 464,352	\$ 964,139	1
Phase II	\$ 1,769,000	\$ 214,288	\$ 93,413	\$ 307,701	
Total	\$ 2,269,000	\$ 714,075	\$ 557,765	\$ 1,271,840	
Total Renovation Funds	\$ 6,651,000	\$ 4,327,974	\$ 557,765	\$ 4,885,739	
Furnishings (Qtrs 6 only)	\$ -	\$ 61,480	\$ -	\$ 61,480	2
Total Funds	\$ 6,651,000	\$ 4,389,454	\$ 557,765	\$ 4,947,219	

1. Private gifts include materials or costs associated with furnishings.
2. Furnishing costs funded out of the Family Housing Operation and Maintenance account.

(3) Current Balance of the Friends of the Home of the Commandant's Fund

- a. The Friends of the Home of the Commandants (FOHC) reports a current balance of \$218,000.
- b. Expenditures by FOHC to date total: \$492,413. Details are as follows:

Description	Cost
Design consultation and fees	\$ 19,094
Materials (wall coverings, draperies, sconces, light fixtures, furniture reupholstering, bathroom fixtures, area rugs, sun porch furnishings)	\$ 330,000
Cabinets	\$ 85,000
Lights	\$ 978
Exterior improvements	\$ 26,452
Window treatments	\$ 30,889
Total	\$ 492,413

- c. Expenditures from the Navy General Gift Fund total \$65,352. Expenditures were for kitchen appliances, furniture reupholstering, foyer tile, kitchen shutters.

- d. Total gift fund expenditures are \$557,765. Expenditures have been for the following:

(1) Materials such as kitchen and pantry cabinets, wall coverings, window treatments, bathroom fixtures and furnishings. Materials were either privately purchased and provided to the contractor or, in the case of cabinets, funds were provided directly to the contractor to purchase the materials.

(2) Services such as interior design consultations or funding to cover labor charges for renovation work.

- e. The FOHC indicates expected support with the balance (\$218,000) for Phase 2 work on the Home of the Commandants/Quarters 6. This support is likely to take the form of material purchases for wall coverings, window treatments, and upgraded fixtures

(4) Overall Projected Cost of the Renovation Efforts at 8th and I

	Appropriated Funds Projected	Private Funds Projected	Total Funds Projected
Expended through 13 Feb 03	\$ 4,389,454	\$ 557,765	\$ 4,947,219
Remaining Obligated Funds			
Quarters 1	\$ 591,636	\$ -	\$ 591,636
Quarters 3	\$ 588,337	\$ -	\$ 588,337
Quarters 6	\$ 1,554,712	\$ 218,000	\$ 1,772,712
Subtotal	\$ 2,734,685	\$ 218,000	\$ 2,952,685
Quarters 6 Project Variance (estimated)	\$ 926,798	\$ -	\$ 926,798
Overall Projected Costs	\$ 8,050,937	\$ 775,765	\$ 8,826,702